

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Geuda Springs Post Office
Geuda Springs, Kansas

Docket No. A2012-75

ORDER AFFIRMING DETERMINATION

(Issued February 29, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On November 16, 2011, Paula Hills filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Geuda Springs, Kansas post office (Geuda Springs post office).² Seven (7) additional petitions for review were received from Terry and Nancy Oursler, Billilee Paton, Linda Estrada, Patricia A. Blubaugh, Shannon Wendt, Liona S. Barbour, and John Chapman (together with Paula Hills collectively referred to as “Petitioners”).³ The Final Determination to close the Geuda Springs post office is affirmed.⁴

II. PROCEDURAL HISTORY

On December 2, 2011, the Commission established Docket No. A2012-75 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁵

² Petition for Review received from Paula Hills regarding the Geuda Springs, Kansas post office 67051, November 16, 2011 (Hills Petition).

³ Petition for Review received from Terry and Nancy Oursler regarding the Geuda Springs, Kansas post office 67051, (Oursler Petition); Petition for Review received from Billilee Paton regarding the Geuda Springs, Kansas post office 67051, (Paton Petition); Petition for Review received from Linda Estrada regarding the Geuda Springs, Kansas post office, 67051 (Estrada Petition), all filed November 22, 2011; Petition for Review from Patricia A. Blubaugh regarding the Geuda Springs, Kansas post office 67051, November 29, 2011 (Blubaugh Petition); Petition for Review received from Shannon Wendt regarding the Geuda Springs, Kansas post office 67051, November 30, 2011 (Wendt Petition); Petition for Review received from Liona S. Barbour regarding the Geuda Springs, Kansas post office 67051, December 7, 2011 (Barbour Petition); Petition for Review received from John Chapman regarding the Geuda Springs, Kansas post office 67051, December 13, 2011 (Chapman Petition).

⁴ The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁵ Order No. 1019 Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 2, 2011.

On December 1, 2011, the Postal Service filed the Administrative Record with the Commission.⁶ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁷

Petitioners Barbour, Paton, and Wendt filed participant statements supporting their Petitions.⁸ None of the Petitioners filed a reply brief. On January 24, 2012, the Public Representative filed a reply brief.⁹

III. BACKGROUND

The Geuda Springs post office provides retail postal services and service to 61 post office box or general delivery customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Geuda Springs post office, an EAS-55 level facility, provides retail service from 9:00 a.m. to 12:15 p.m. and 1:00 p.m. to 4:15 p.m. Monday through Friday, and 10:00 a.m. to 12:00 p.m. on Saturday. *Id.* Lobby access hours are 7:00 a.m. to 4:30 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. on Saturday. *Id.*

The postmaster position became vacant on November 26, 2008 when the Geuda Springs postmaster retired. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 2, 7. Retail transactions average 12 transactions daily (11 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$9,935 in FY 2008; \$12,126 in FY 2009; and \$10,629 in FY 2010. *Id.* There are no permit or

⁶ The Administrative Record is attached to the United States Postal Service Notice of Filing, December 1, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Geuda Springs, KS Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁷ United States Postal Service Comments Regarding Appeal, January 10, 2012 (Postal Service Comments).

⁸ Participant Statement received from Liona S. Barbour, December 20, 2011 (Barbour Participant Statement); Participant Statement received from Shannon Wendt, December 20, 2011; Participant Statement received from Billilee Paton, December 23, 2011. Note that the Wendt and Paton Participant Statements are joint statements, including essentially the same content, but filed on different dates. (Paton and Wendt Joint Participant Statement).

⁹ Reply Brief of the Public Representative, January 24, 2012 (PR Reply Brief).

postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$27,440 annually. *Id.* at 7.

After the closure, retail services will be provided by the Oxford post office located approximately 11 miles away.¹⁰ Delivery service will be provided by rural carrier. *Id.* Service will be provided to cluster box units (CBUs). *Id.* The Oxford post office is an EAS-16 level office, with retail hours of 8:30 a.m. to 4:30 p.m. Monday through Friday, and 8:30 a.m. to 10:00 a.m. on Saturday. *Id.* Three hundred nine post office boxes are available.¹¹ *Id.* The Postal Service will continue to use the community name and ZIP Code. *Id.* at 5, Concern No. 18.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Geuda Springs post office. Petitioners argue that the proposed rural carrier service to cluster box units will not work for senior citizens and handicapped individuals. Hills Petition at 1, Estrada Petition at 1, Chapman Petition at 1. Petitioners are concerned about the ability to receive accountable mail. Blubaugh Petition at 1. Petitioners express that the Postal Service was deceptive in changing the originating post office for rural carrier service from the Oxford post office to the Winfield post office. Hills Petition at 1; Paton Petition at 1, Wendt Petition at 1. Petitioners requested that postal operations be transferred from the Geuda Springs post office to the Arkansas City post office, due to its proximity.

¹⁰ *Id.* at 2. MapQuest estimates the driving distance between the Geuda Springs and Oxford post offices to be approximately 11.9 miles (23 minutes driving time). Prior to October 22, 2011 carrier service was to have originated at the Oxford post office. However, the Postal Service determined that it was more economical and efficient to provide the same service from the Winfield post office. Postal Service Comments at 9. MapQuest estimates that the driving distance between the Geuda Springs and Winfield post offices to be approximately 16.5 miles (26 minutes driving time). Customers, however, need only travel to the Oxford post office to collect undelivered mail items. *Id.*

¹¹ The Postal Service discovered in drafting its Comments that the number of post office boxes described in the Final Determination was incorrect. The Oxford post office has 712 post office boxes, of which 309 post office boxes are available, not 1020 post office boxes as indicated in the Final Determination. Postal Service Comments at 3 n.9.

Oursler Petition at 1, Paton Petition at 1, Wendt Petition at 2, Barbour Participant Statement at 1.

Petitioners state that the closure of the Geuda Springs post office will have a detrimental effect on the community, harming businesses, property values, and those residents that use the post office as a social gathering place. Wendt Petition at 1, Barbour Petition at 1.

Finally, Petitioners argue that the economic savings were calculated incorrectly. Paton and Wendt Joint Participant Statement at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Geuda Springs post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Geuda Springs community; and (3) the calculation of economic savings expected to result from discontinuing the Geuda Springs post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Geuda Springs post office should be affirmed. *Id.* at 17.

The Postal Service explains that its decision to close the Geuda Springs post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal projected population, residential, commercial or business growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Geuda Springs community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, the effect on the Geuda Springs community, economic savings, and the effect on postal employees. *Id.* at 3.

Public Representative. The Public Representative recommends that the decision of the Postal Service to close the Geuda Springs post office be affirmed. PR Brief at 6. The Public Representative concludes that the Postal Service followed applicable procedures, that the decision to close the Geuda Springs post office was neither arbitrary nor capricious, and that the decision to close the Geuda Springs post office was supported by substantial evidence. *Id.* at 5. The Public Representative observed, however, that the Postal Service's decision may force some customers who currently receive free Post Office Box Service to incur unexpected costs. *Id.*

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On April 5, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Geuda Springs post office. Final Determination at 2. A total of 239 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 56 questionnaires were returned. On April 14, 2011, the Postal Service held a community meeting at the Geuda Springs City Building to address customer concerns. Thirty-eight (38) customers attended. *Id.*

The Postal Service posted the proposal to close the Geuda Springs post office with an invitation for comments at the Geuda Springs and Oxford post offices from July 29, 2011 to September 29, 2011. *Id.* The Final Determination was posted at the same two post offices from October 31, 2011 to December 2, 2011. Administrative Record, Item No. 49.

Petitioners argue that they should have been informed that the Postal Service changed the provision of rural carrier service from the Oxford post office to the Winfield post office, after the Final Determination was issued. Wendt Petition at 1. The Postal Service responds that it is more economical and efficient to provide rural carrier service from the Winfield post office rather than the Oxford post office. Postal Service Comments at 9. The Postal Service adds that this change had no effect on customers, who continued to receive mail from the same method of delivery and could obtain

undeliverable mail at the Oxford post office, where rural carriers leave all undeliverable mail. *Id.* Also, the change of origination from the Oxford post office to the Winfield post office had no effect on the discontinuance of the Geuda Springs post office. *Id.*

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Geuda Springs is an incorporated community located in Sumner County, Kansas. Administrative Record, Item No. 16. The community is administered politically by the Geuda Springs Mayor and City Council. Police protection is provided by the Sumner County Sheriff. Fire protection is provided by the Geuda Springs Volunteer Fire Department. The community is comprised of farmers, retirees, those who commute to work in nearby communities, and those who work in local businesses. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Geuda Springs community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Geuda Springs post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 6-7.

Petitioners are concerned about the loss of the post office as a social gathering area. Paton and Wendt Joint Participant Statement at 1. The Postal Service responds

that residents can continue to socialize at businesses, churches, and residences in the community. Postal Service Comments at 12. The Postal Service adds that the CBUs may provide a gathering place for customers when they pick up their mail. *Id.*

One Petitioner states that the loss of the Geuda Springs post office will cause property values to decrease. Barbour Petition at 1. The Postal Service responds that property values are a reflection of the vibrancy of the community, which is based on the strength of the business community and the social and economic drive of the community. Postal Service Comments at 12-13. The Postal Service believes that Geuda Springs provides a solid community atmosphere and that the discontinuance of the Geuda Springs post office will not have a negative impact on the spirit of the community or its property values. *Id.*

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Geuda Springs postmaster retired on November 26, 2008 and that an OIC has operated the Geuda Springs post office since then. Final Determination at 7. It asserts that after the Final Determination is implemented, the temporary OIC may be separated from the Postal Service and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Geuda Springs post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Geuda Springs customers. Postal Service Comments at 5. It asserts that customers of the closed Geuda Springs post office may obtain retail services at the Oxford post office located 11 miles away. Final Determination at 2. Delivery service will be provided rural carrier service through the Winfield post office. Postal Service Comments at 9. The Geuda Springs post office box customers may obtain Post Office Box Service at the Oxford post office, which has 309 post office boxes available. *Id.* at 3.

Petitioners are concerned about the need to travel to the Oxford post office for services, and argue that this is particularly difficult for senior citizens and disabled citizens. Hills Petition at 1, Estrada Petition at 1, Chapman Petition at 1, Oursler Petition at 1, Wendt Petition at 1. The Postal Service responds that carrier service is especially beneficial to senior citizens and those who face special challenges because the rural carrier can provide delivery and retail services to cluster box units. Postal Service Comments at 8. The Postal Service adds that special provisions are made, on request, for hardship cases or special customer needs. *Id.*

For all customers who choose not to travel to the Oxford post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 7-8. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioners also expressed concern about how both individuals and businesses would receive packages or accountable mail. Blubaugh Petition at 1, Wendt Petition at 1. The Postal Service responds that if a package is too large, or if the mail constitutes accountable mail, then the rural carrier will leave a Form 3849, which indicates that the mail is available at the local post office. In cases of accountable mail, the addressee may request redelivery. Postal Service Comments at 7.

Petitioners worry about mail security, and note that there was a recent increase in mail theft at the Arkansas City post office. They speculate that the same could happen with cluster boxes in Geuda Springs. Wendt Petition at 1. The Postal Service responds that mailboxes can be locked, and that in any event, Postal Inspection Service records indicate that there has been no report of mail theft or mailbox vandalism in the area. Postal Service Comments at 6.

Petitioners express concern that the closure of the Geuda Springs post office will have a negative effect on the business community. Paton and Wendt Joint Participant Statement at 1. The Postal Service replies that there is no evidence that the business community will be adversely affected. Businesses that require regular and effective postal services will continue to receive them. Postal Service Comments at 10.

Finally, Petitioners request that postal operations be transferred from the Geuda Springs post office to the Arkansas City post office, rather than the Oxford Post office. Oursler Petition at 1, Paton Petition at 1, Wendt Petition at 2, Barbour Participant Statement at 1, Paton and Wendt Participant Statement at 2. The Postal Service responds that it uses many factors to determine which office will provide rural delivery service. In this case, the Postal Service determined that the Winfield post office provided the most efficient delivery point for the rural route serving Geuda Springs. Postal Service Comments at 10. The Postal Service adds that Geuda Springs customers could also receive Post Office Box Service at the Arkansas City post office, which would result in all the customer's mail being available at that post office. *Id.*

The Postal Service stated that CBUs would replace Geuda Springs post office boxes for those customers who are assigned post office boxes as their current free source of delivery. Postal Service Comments at 9. The Public Representative assumes that these customers who would rather utilize the Arkansas City post office or another post office would then incur additional annual expense. PR Reply Brief at 6. There is no evidence on the record that these considerations would impact the regular and effective service that the Postal Service will provide once the Final Determination is implemented.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$27,440. Final Determination at 7. It derives this figure by summing the following costs: postmaster salary and benefits (\$30,738) and annual lease costs (\$2,172) minus the cost of replacement service (\$5,470). *Id.*

Petitioners assert that the Postal Service did not include the income generated by the Geuda Springs post office in the Postal Service economic savings analysis. Paton and Wendt Joint Participant Statement at 2. The Postal Service responds that it does not take income from postage and service sales into account in the economic savings analysis, because such income would likely transfer to another postal facility.

Postal Service Comments at 14. Petitioners further argue that the Postal Service did not take income generated from stamp and service sales by the current rural carrier into account; they argue that such income should have been credited to the Geuda Springs post office. Paton and Wendt Joint Participant Statement at 1. The Postal Service states that low revenue was only one of many factors used to determine whether the Geuda Springs post office would be closed. Postal Service Comments at 14-15.

The Geuda Springs post office postmaster retired on November 26, 2008. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Geuda Springs post office has been staffed by an OIC for approximately 3 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Petitioners argue that the Postal Service did not consider alternative strategies to reduce costs, such as negotiating a lower lease rate. Paton and Wendt Joint Participant Statement at 1-2. The Postal Service responds that although reducing the lease cost would provide some economic savings, the overwhelming majority of the Postal Service's savings is a result of labor cost savings, rather than lease savings. Postal Service Comments at 15. Petitioners also suggested reducing the hours the postal facility is open or cancelling Saturday delivery. Barbour Petition at 1. The Postal Service responds that it has determined that rural carrier service, coupled with service at the nearby Oxford post office, is a more cost-effective solution than maintaining the Geuda Springs post office and career position, even with reduced hours. Postal Service Comments at 15.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Geuda Springs post office is affirmed.¹²

It is ordered:

The Postal Service's determination to close the Geuda Springs, Kansas post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

¹² See footnote 4, *supra*.

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Geuda Springs post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on November 26, 2008. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

A non-career OIC has been in place for more than 3 years. Given this extended period of time, and the Postal Service's current financial difficulties, it is clear that the Postal Service has no obligation to maintain a full-time postmaster in small facilities such as Geuda Springs. Upon closure of the facility, the Postal Service may, at most, avoid continuing to pay the OIC level salary.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the

Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

I am also concerned about the distances between the Geuda Springs post office and those that are offered as substitutes. The driving distance to the Oxford post office is approximately 11.9 miles, while the driving distance to the Winfield post office is approximately 16.5 miles. Several members of Congress have publicly expressed concern that post offices that are 10 miles apart should be maintained in rural areas. The Postmaster General has expressed interest in finding other ways to serve such distant post offices rather than close them altogether. This closing should be reconsidered.

Recent legislation has been introduced precluding the closure of a post office in cases where the nearest post office is more than 10 miles away, and the Commission, in its recent Advisory Opinion (Docket No. N2011-1), found that by using optimization modeling, the Postal Service could make better choices about which post offices to close that would assure adequate access in rural areas.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Geuda Springs, Kansas and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility for more than 3 years, since November 2008, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

In calculating economic savings, the Postal Service excludes income derived from postage and service sales generated at the Geuda Springs post office, assuming that it will be retained by the receiving post office. See Postal Service Comments at 14. The assumption is not supported and may not be well-founded. While the replacement service may be presumed to be adequate, closing the Geuda Springs post office represents a diminution in service to some degree. As a result, some customers may seek alternatives such as electronic bill paying and banking. Thus, assuming that all income will be retained may be unrealistic. Failing to consider the income effect of a decision to close a post office may distort estimated net savings. Thus, in reviewing post offices for possible discontinuance, the Postal Service should more closely consider the income effect of such decisions.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Geuda Springs post office and should be remanded.

Nanci E. Langley